

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN THE SECURITIES OF  
KIRLOSKAR BROTHERS INVESTMENTS LIMITED**

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**Preface:**

The Securities and Exchange Board of India (SEBI) issued regulations for prohibition of Insider Trading in the year 1992 and the same have been amended by the SEBI from time to time. Through recent amendment in November, 2008 SEBI has directed the Listed Companies to have Code of internal procedures and Conduct as near thereto the model code under regulations without diluting it in any manner.

The term Insider-trading is associated with the investments of Directors, Officers and Auditors in the Company Securities having knowledge of price sensitive information. The SEBI regulations for prohibition of Insider Trading state that an insider shall not buy or sell the shares of the listed company while in possession of any unpublished price-sensitive information.

Further, an Insider shall not provide any price sensitive information to any counsel or an outsider while in possession of such information. However, it need not be concluded that the persons connected to the company are barred from possessing, buying and selling its shares. They are permitted to deal in the securities of the company, provided they make adequate disclosures about the transaction to the regulator and the exchanges on which the shares of the Company are listed.

The Company is committed to prohibit the Insider Trading with certain restrictions on Company Directors / Employees and Auditors keeping in mind the objective of the regulations issued by the SEBI.

It is the responsibility of each of the Directors, officers and Auditors to ensure compliance with this code by themselves and their dependents.

Accordingly, this code of internal procedures and conduct has been framed with a view:

- To prohibit the unlawful acts of Insider Trading as contemplated under the SEBI regulations.
- To adopt appropriate mechanism and procedures to enforce the code to ensure proper compliance of the same.

- To abide by the code and disclosure / reporting procedures as specified herein.
- To initiate appropriate actions against persons involved in Insider Trading in contravention of this code.
- To appropriately communicate the existence of this code across the organisation.

#### **DEFINITIONS:**

The definitions of some of the terms used in this Code are given below. Other terms not defined herein shall have the meaning assigned to them under the SEBI regulations and other related rules and guidelines, as amended from time to time.

- a. "Auditors" means statutory Auditors and Cost Auditors of the Company.
- b. "Board / Directors" means the Board of Directors of Kirloskar Brothers Investments Limited (KBIL) and shall include any Committee of the Board.
- c. "Company / KBIL" means Kirloskar Brothers Investments Limited and includes its successors, assigns.
- d. "Compliance Officer" means any employee designated as such by the Board.
- e. "Connected person" means, any person, connected with the Company six months prior to an act of insider trading, who is a Director of the Company under the Companies Act, 1956 or occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company.
- f. "Dependant" shall include:
  - i. Father
  - ii. Mother
  - iii. Spouse
  - iv. Son/daughter declared as dependent by the Director / Designated employee or Auditors from time to time.
- g. Designated Employees" shall include:-
  - (i) Designated officers of the Company management.
  - (ii) The employees designated by the company to whom these restrictions shall be applicable, keeping in mind the objective of this code of conduct.

- h. "Insider" means any person who,
  - i. is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of the company, or
  - ii. has received or has had access to such unpublished price sensitive information
  
- i. "Insider Trading" means dealing by an Insider, his relatives and dependent person, in any manner in company's securities on the basis of unpublished price sensitive information (UPSI) used to make profit or avoid loss in the transactions in securities of the Company.
  
- j. "Investigating Person" means a Compliance Officer or any other any other person, not being a firm, body corporate or an association of persons, having experience in dealing with the problems relating to the securities market.
  
- k. "Relative" shall mean as defined in section 6 of the Companies Act, 1956. Under the Act a person shall be deemed to be a relative of another if:
  - i. They are members of a Hindu undivided family; or
  - ii. They are husband and wife; or
  - iii. The one is related to the other as;
    - a. Father (including step-father);
    - b. Mother (including step-mother);
    - c. Son (including step-son);
    - d. Son's Wife;
    - e. Daughter (including step-daughter);
    - f. Father's Father;
    - g. Father's Mother;
    - h. Mother's Mother;
    - i. Mother's Father;
    - j. Son's Son;
    - k. Son's Son's Wife;
    - l. Son's Daughter;
    - m. Son's Daughter's Husband;
    - n. Daughter's Husband;
    - o. Daughter's Son;
    - p. Daughter's Son's Wife;
    - q. Daughter's Daughter;
    - r. Daughter's Daughter's Husband;
    - s. Brother (including step-brother);
    - t. Brother's Wife;
    - u. Sister (including step-sister);
    - v. Sister's Husband.

- l. "Securities" means any of the following instruments issued or to be issued or created or to be created, for the benefit of the Company:
  - a. shares, scripts, stocks, bonds, debentures, debenture stock, derivatives or other marketable securities of like nature of KBL;
  - b. Rights or interests in the above.
  
- m. "Trading Window" shall mean a trading period for trading in the Company's securities.
  
- n. "Unpublished Price Sensitive Information / UPSI" means any information which relates to the following matters or is of concern, directly or indirectly, to the Company, and is not generally known to public or published by the Company, but which if published or known, is likely to materially affect the price of Securities of the Company:
  - i. Periodical financial results of the Company (quarterly, half-yearly and annual).
  - ii. Intended declarations of dividend (interim and final).
  - iii. Issue of securities or buy-back of securities.
  - iv. Any major expansion plans or execution of new projects.
  - v. Amalgamation, mergers or takeovers.
  - vi. Disposal of the whole or substantial part of the Company's business.
  - vii. Any significant changes in policies, plans or operations of the Company.
  
- o. "Working Day" shall mean the working day when the regular trading is permitted on the concerned stock exchange where securities of the Company are listed.

**Compliance Officer and his Responsibilities:**

1. Compliance Officer of the Company with regard to this code shall report to the Executive Director. He shall be responsible for setting forth policies, procedures, monitoring adherence to the rules, pre-clearing the transactions, monitoring the trades and ensure implementation of this code and compliance under the overall supervision of the Board.
2. The compliance officer shall maintain a record of the designated employees from time to time in consultation with the Executive Director.
3. The Compliance Officer shall assist all the employees in addressing any clarifications regarding this Code.

**Price Sensitive Information:**

4. Directors / Designated employees and Auditors shall maintain the confidentiality of all price sensitive information and they shall not pass such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of Company Securities.
5. Price sensitive information shall be handled on a "need to know" basis i.e. shall be disclosed within the Company for discharging the duties.

6. Insider trading at any time by Directors / designated employees, Auditors or his dependent / relative, or any other company on the basis of UPSI is prohibited. Further, they shall not communicate or counsel or provide directly or indirectly any UPSI to any person including a body corporate to deal in securities of the Company.
7. All security procedures for handling the files containing confidential information shall be followed for prevention of misuse of price sensitive information. Further, Directors / designated employees and Auditors shall follow all the restrictions with regard to Trading Window.

**Trading Window:**

8. The Compliance Officer shall announce the closure of Trading Window from time to time and intimate the same to the concerned. The dealing in securities of the Company by Directors / designated employees and Auditors is prohibited during such period.
9. The Trading Window shall be closed for the period of maximum 10 days during the time when the price sensitive information is unpublished and shall be opened 24 hours after the said information is made public.
10. When the Trading Window is closed, Directors / designated employees and Auditors shall not deal in any transactions involving the purchase or sales of the Company's securities in such period.
11. In case of ESOS, the exercise of options shall be allowed in the period when the Trading Window is closed. However, sale of shares allotted on exercise shall not be allowed, when Trading Window is closed.

**Pre-Clearance of Trade:**

12. All Directors / designated employees, Auditors or his dependent, who intent to deal in the securities should pre-clear such transactions.
13. An application may be made in the prescribed form at Annexure I to the Compliance Officer indicating the estimated numbers of securities to be dealt in. All other details as prescribed in the form shall also be provided with an undertaking as prescribed at Annexure II.

**Other Restrictions :**

14. All Directors / designated employees, Auditors or his dependent shall execute their order in respect of the securities of the company within one week after the approval of pre-clearance is given; else make a fresh application for pre-clearance.

15. All Directors / designated employees and Auditors who buy or sale any securities of the Company shall not enter into an opposite transaction in securities, including derivate transactions in the shares of the Company, during next 6 months following the prior transaction.<sup>1</sup>
16. In case Directors / designated employees and Auditors subscribe to public offers by the Company they shall hold such investments for the minimum period of 30 days from the date of allotment of such securities.
17. In case the sale of securities is necessitated by personal emergency, the holding period as aforesaid, may be waived by the Compliance officer, in consultation with the Executive Director, after recording in writing his/her reasons in this regard.

**Reporting of Transactions:**

18. All Directors / designated employees and Auditors shall be required to forward details of their security transactions – in Annexure III / holding - In appropriate Form at annexure IV including the statement of the dependent family members – (In Annexure V) to the compliance officer, in writing, within 2 working days, at the time of joining the Company – (In Annexure IV and V) and annually by the April 15 of every year – (In Annexure III and V).
19. All Directors / designated employees and Auditors shall disclose, within 2 working days, to the Company and the Stock Exchange, where securities of the Company are listed, - In appropriate Form at annexure VI, the total number of shares or voting rights held by such person and his dependent and change in the same if, a change in such holding of person and his dependents from the last disclosure made exceeds Rs. 5 lakhs, in value or 25,000 shares or 1% of total shareholding or voting rights, which ever is lower.
20. The Compliance Officer shall maintain the record of all declarations in appropriate forms for the period of 3 years.
21. The Compliance Officer shall place before the Executive Director all the details of dealing in securities by Insiders alongwith other documents on monthly basis under the pre-dealing procedures.
22. The Executive Director shall place before the Board a statement of all such transactions at Board meeting after the end of June, September, December and March quarter, every year.

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<sup>1</sup> Amended vide Resolution of the Board of Directors dated 23 December 2010

**Investigation:**

23. Compliance Officer shall have power to investigate suspected contravention of this code and submit his report on findings to Executive Director within 7 days of commencement of investigation or such extended time period as the Executive Director may approve.
24. Based on the report of the Compliance Officer, the Executive Director shall be entitled to appoint any person to further investigate a suspected contravention of this Code.
25. The Executive Director shall have the power to delegate to the person so appointed all the powers including powers to call for information, examination, interrogation, recording evidence, etc.
26. In any investigation of suspected contravention of this Code the onus to prove that there is no violation of this code shall be on the concerned Insiders or their Relatives.
27. The Company's investigating officer shall, within 7 working days from the conclusion of the investigation, submit a report to the Executive Director.
28. The Executive Director after consideration of the investigation report shall communicate the findings to the insider or any other person, being investigated and shall take any action as contemplated in this code.

**Penalty for Contravention:**

29. Any Directors / designated employees and Auditors found guilty in investigation, who traded in securities or communicated / counsel any information for trading in contravention of this code shall be penalized and appropriate action shall be taken by the Executive Director of the Company.
30. Any Directors / designated employees and Auditors found guilty in investigation, who violated the code, shall also be subject to further disciplinary action.
31. The Compliance Officer shall inform such violations to SEBI.
32. The above actions by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) regulations.

**Amendment:**

The Company reserves its right to amend or modify this Code in whole or in part, at any time, when it deems appropriate, to suit the requirements under the applicable SEBI Regulations.

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**For Kirloskar Brothers Investments Limited**

**Atul C. Kirloskar  
Chairman**

**Pune : 23 December 2010**

**Annexure I**

PRE-CLEARANCE FORM PURSUANT TO **REGULATION 13** OF THE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES OF KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Date:

**Name & Address of Insider**

**REQUEST FOR PRE-CLEARANCE**

TO,  
COMPLIANCE OFFICER  
KIRLOSKAR BROTHERS INVESTMENTS LIMITED

NAME & PAN :

FOLIO / CLIENT, DP ID / DP NAME :

SHARE HOLDING (% TO CAPITAL) :

DETAILS OF THE PROPOSED TRANSACTION :

SR NO	TYPE OF SECURITIES	NO. OF SHARES TO BE DEALT WITH	% TO CAPITAL	DATE OF PROPOSED TRANSACTION	MODE OF TRANSACTION
1	EQUITY				

**Name :**

**Signature :**

ENCL : Undertaking

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FOR OFFICE USE ONLY  
CLEARANCE BY COMPLIANCE OFFICER

\_\_\_\_\_ /

YOUR REQUEST DATED ----- FOR PRE-CLEARANCE FOR PURCHASE/SALE OF -  
----- EQUITY/PREFERENCE SHARES/DEBENTURES OF THE COMPANY HAS BEEN ACCEPTED.  
PLEASE ENSURE THAT THE TRANSACTION FOR WHICH THIS PRE - CLEARANCE IS GRANTED IS  
COMPLETED BY -----

OR

YOUR REQUEST DATED ..... FOR PRE-CLEARANCE FOR PURCHASE/SALE OF .....  
EQUITY/PREFERENCE SHARES/DEBENTURES OF THE COMPANY HAS BEEN REJECTED.

REASONS, IF ANY, FOR REJECTION :

DATE OF PRE - CLEARANCE :

NAME :  
SIGNATURE :

**Annexure II**

UNDERTAKING PURSUANT TO **REGULATION 13** OF THE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES OF KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Date:

**Name & Address of Insider**

**PAN -**

TO,  
COMPLIANCE OFFICER  
Name of the company  
Address

I, ....., being an insider in terms of the Code of Conduct for Prevention of Insider trading in securities of the Company, hereby undertake that:

- (a) I have no access to Unpublished Price Sensitive Information upto the signing of this undertaking;
- (b) in the event of access to Unpublished Price Sensitive Information after the date of the undertaking but before the execution of the transaction, I shall not deal in the security; and
- (c) I have not contravened the code of conduct for prevention of Insider Trading as notified by the Company, from time to time
- (d) I have made full disclosure.

**Signature :**

**Name :**

**Date :**

**Annexure III**

**FORM FOR PROVIDING DETAILS OF TRANSACTIONS PURSUANT TO REGULATION 18  
OF THE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES OF  
KIRLOSKAR BROTHERS INVESTMENTS LIMITED**

**Name & Address:**

**Period of transactions:**

Name, PAN No. & address of shareholder with telephone number	Shareholding prior to acquisition / sale	No. and percentage of shares/ voting rights acquired / sold	Date of receipt of allotment/ advice. Date of Acquisition / sale (specify)	Date of intimation to Company	Mode of Acquisition / sale (market purchase/ public/rights/ preferential offer etc.)	Shareholding subsequent to acquisition / sale	Trading member through whom the trade was executed with SEBI Registration No. of	Exchange on which the trade was executed	Buy / sale quantity	Buy / sale value

**Signature :**

**Name :**

**Date :**

**Annexure IV**

FORMS FOR PROVIDING DETAILS PURSUANT TO **REGULATION 18** OF THE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES OF KIRLOSKAR BROTHERS INVESTMENTS LIMITED

**FORM A**

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992  
[Regulation 13(1) and (6)]

**Regulation 13(1) - Details of acquisition of 5% or more shares in a listed company**

**Name & Address :**

**Period of transactions :**

Name, PAN No. & address of shareholder with telephone number	Shareholding prior to acquisition	No. and percentage of shares/voting rights acquired	Date of receipt of allotment/ advice. Date of acquisition (specify)	Date of intimation to Company	Mode of acquisition (market purchase/public/rights/preferential offer etc.)	Shareholding subsequent to acquisition	Trading member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy quantity	Buy value

**Signature :**

**Name :**

**Date :**

**Form B**

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992  
**Regulation 13(2), 13 (2A) and 13 (6)—Details of shares held or voting rights held by Director or Officer and his dependants or promoter or Person who is part of Promoter Group of a listed company or positions taken in derivatives by Director of Officer of a listed company and his dependants**

**Name & Address :**

**Period of transactions :**

Name, PAN No. & Address of Promoter/ Person who is part of Promoter Group/Director/ Officer	Date of assuming office of Director/ Officer OR Date of becoming Promoter/ part of Promoter Group.	No. & % of shares/voting rights held at the time of becoming Promoter/ part of Officer.	Date of intimation to company	Mode of acquisition (market purchase/public/rights/preferential offer etc.)	Trading member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy quantity	Buy value

**Signature :**

**Name :**

**Date :**

**Annexure V**

INFORMATION PURSUANT TO **REGULATION 18** OF THE CODE OF CONDUCT FOR  
PREVENTION OF INSIDER TRADING IN SECURITIES OF  
KIRLOSKAR BROTHERS INVESTMENTS LIMITED.

Name:

Department:

PAN -

No. of shares held by me and my relatives in the company as on \_\_\_\_\_ are as under:-

	RELATIONSHIP	NAME	TOTAL SHARES AS ON DATE
A	Self		
B	Member of HUF		
C	Husband / Wife		
D	Father (including step Father)		
	Mother (including step Mother)		
	Sons (including step Son)		
	Sons wives		
	Daughter (including step Daughter)		
	Father's father		
	Father's mother		
	Mother's mother		
	Mother's father		
	Son's son		
	Son's son's wife		
	Sons' daughters		
	Son's daughter's husband		
	Daughter's husband		
	Daughter's son		
	Daughter's son's wife		
	Daughter's daughter		
	Daughter's daughter's husband		
	Brother (including step Brother)		
	Brothers' wives		
	Sister (including step Sister)		
	Sister's husband		

I further declare that following relatives are / are not dependent on me (Put  $\checkmark$ ):

Sr.	Relative	Dependent	Not Dependent
1	Husband / Wife		
2	Father (including step Father)		
3	Mother (including step Mother)		
4	Sons (including step Son)		
5	Daughter (including step Daughter)		

**Signature :****Name :****Date :**

**Annexure VI**

FORMS FOR PROVIDING DETAILS PURSUANT TO **REGULATION 19** OF THE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SECURITIES OF KIRLOSKAR BROTHERS INVESTMENTS LIMITED  
**FORM C**

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992  
[Regulation 13(3) and (6)]

**Regulation 13(3) — Details of change in shareholding in respect of persons holding more than 5% shares in a listed company**

**Name & Address:**

**Period of transactions:**

Name, PAN No. & address of shareholders	Shareholding prior to acquisition/sale	No. & % of shares/ voting rights acquired/sold	Receipt of allotment advice/ acquisition of shares/ sale of shares specify	Date of intimation to company	Mode of acquisition (market purchase/ public/ rights/ preferential Offer etc.)	No. & % of shares/ voting rights post acquisition/sale	Trading member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy /Sell quantity	Buy /sell value

**Signature :**

**Name :**

**Date :**

**FORM D**

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

**Regulation 13(4), 13(4A), 13(6)— Details of change in shareholding or voting rights held by Director or Officer and his dependants or promoter or person who is part of Promoter Group of a listed company**

**Name & Address :**

**Period of transactions :**

Name, PAN No. & Address of Promoter/ Person who is part of Promoter Group/Director/ Officer.	No. & % of shares/ voting rights held by the Promoter/ Person who is part of Promoter Group/Director/ Officer	Date of receipt of allotment advice/ acquisition/ sale of shares/ voting rights	Date of intimation to company	Mode of acquisition (market purchase/ public/rights/ preferential offer, etc.)/sale	No. & % of shares/ voting rights post acquisition/sale	Trading member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy quantity	Buy value	Sell quantity	Sell value

**Signature :**

**Name :**

**Date :**